

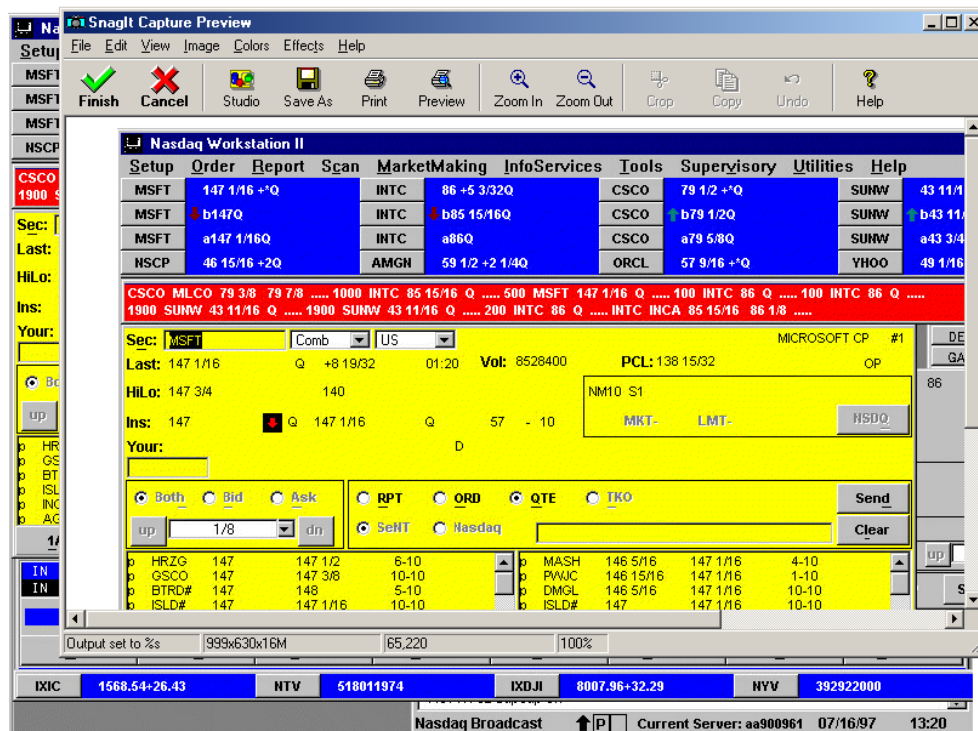
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• The market maker's tools: Understanding NWII - Nasdaq Workstation II

• Main Points:

- Market makers use a software tool called the Nasdaq Workstation II (NWII) to manage their trading activity.
- Sun Tzu says "Know your enemy's strengths and weaknesses..."
- As a daytrader, if you understand how the market makers' key tool works you will be better equipped to trade against them using your level 2 screen.
- There are several Adobe Acrobat .pdf guides on how NWII works available at this www.nasdaqtrader.com link; download and review them, especially the NWII Users Guide, Market Making Guide, Selectnet, SOES and Optimark users guides.
- It is very surprising that not a single book or other daytrading site on the internet mentions this critical tool of the market maker and how you can understand and benefit from this knowledge. DTU scores another scoop.
- I'll add examples of how to trade against the market makers as I develop them; for now just familiarize yourself with this market makers' tool.
- Market makers are charged \$1500/month each to use Nasdaq Workstation 2! That's \$18K/yr.



Nasdaq Workstation II

Setup Order Report Scan MarketMaking InfoServices Tools Supervisory Utilities Help

200 MSFT 88 1/4 Q 1000 ADBE 45 3/4 Q 1000 ADBE 45 3/4 Q 100 MSFT 88 1/4 Q 500 MSFT 88 3/16 Q
400 SUNW 41 3/8 Q ADBE + 45 11/16 Q 45 7/8 Q ADBE INCA 45 11/16 46

ADBE	↑ b45 11/16Q	CLST	↓ b34 1/4Q	DE
AIPN	a4Q	COMS	↑ b35 5/8Q	FO
ASND	↓ b37 1/4Q	CSCO	↓ b68 1/16Q	IFI
BLSI	b2 1/16S	CVUS	a4 11/16Q	IFI

Comb TESTA A TEST SECURITY

Last: 50 1/8 Q +1/16 11:52 Vol: 13000

Hi: 51 Lo: 50 1/16 NM10

Ins: 50 1/16 Q 50 3/16 Q 10 - 200

Your: 50 1/8 50 3/16 n -10 D1-1

☐ Both ☐ Bid ☐ Ask

☐ RPT ☒ ORD ☐ QTE ☐ TKO

up 1/8 dn

☒ SeNT ☐ Nasdaq Clear

FAHN	50 1/16	50 9/16	10-10	FCOL	49 11/16	50 3/16	10-2X
NEED	50	50 5/8	10-10	TSCO	49 1/4	50 3/8	10-10
VISH	50	50 5/8	10-10	RSSF	50	50 1/2	10-4
OPCO	50	50 11/16	10-10	ALST	50	50 1/2	5-5
NAWE	50	51	10-10	NQTM	50	50 1/2	10-10

1QUpd 2Dial 3TimeSale 4QkTS 5DirReq 6NsdNws 7Symb 8NsdPhn

MSOS: NQPD TESTA -QUOTE CLOSED EXHAUSTED SOES EXPOSURE **** 11:52

IN S 1000 COMS 35 3/4N AON FC2E 11:53:00-03 1000 A MM

AON Any ExecSS Partial Counter Decline Kill

SMME: NQPD 03/30 B 1000 TESTA 50 1/8 NQTM 11:52:00 NQTM 1152 0

MSOS: NQPD TESTA -QUOTE CLOSED EXHAUSTED SOES EXPOSURE **** 11:52

As I gain insight into the market makers' limitations and constraints using this software platform, I will post strategies and tips for exploiting those weaknesses to our advantage.

A quick example is the SOES tier size, the mm automatically fills your order at tier size if you are first in line to buy/sell.

We'll look for other ways to "fight back" using our commercially available broker and 3rd-party software tools, along with trading strategies.

If any of you are former or current market makers who have experience using NWII we'd sure like to hear your insights; we'll be sure to post them here to help others.